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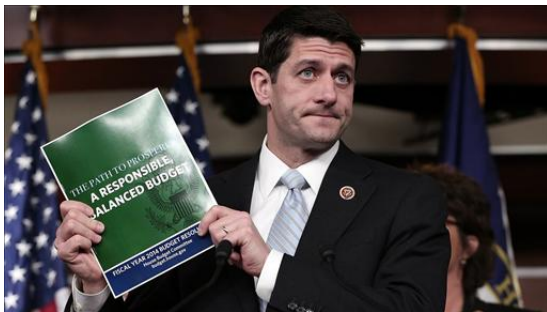
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# A Ryan Reboot

*The budget will never balance without faster economic growth.*

The political class seems to be scandalized that [Paul Ryan](#) had the cheek Tuesday to propose another reform budget. Doesn't the House Budget Chairman understand that the 2012 election settled every political question in President Obama's favor?

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Wisconsin Rep. Paul Ryan on the GOP House budget proposal. Photos: Getty Images

Er, no. The federal fisc is still a shambles—despite the tax increase on millionaires and billionaires that Mr. Obama said would solve everything and despite the modest sequester spending cuts he says are too painful to abide. Thus Mr. Ryan's proposal for fiscal 2014 is still an important document, even if it has no chance of becoming law this year, because it reaches for that elusive thing in Washington—realistic solutions to the country's problems.

As a guide to how Republicans would govern, the third iteration of the Ryan budget blueprint would increase annual spending by 3.4% over the next 10 years, down from the roughly 5% rate under the current Obama autopilot. Government would gradually fall to 19.1% of GDP by 2023 from 23.3% this year, and average 19.5% over the decade—a notch or two below historic postwar spending levels. This is not a return to the era of Calvin Coolidge.

The major difference with Mr. Ryan's previous two budget documents is that this would balance the budget faster, inside of 10 years instead of decades. The government would even run a mini-surplus of \$7 billion in 2023. This change is in part a concession to Mr. Ryan's critics on the right, who view a balanced budget as a political totem.

Debt held by the public would fall faster—to 54.8% of GDP in 2023 from about 77% today—and Americans intuitively like the idea that the government should live within its means like a responsible family. But the folks who put a balanced budget above economic growth have their priorities upside down. The important goal is promoting fast enough growth, and enough

spending restraint, that debt falls from its current heights over time.

To that vital end House Republicans re-endorse tax reform that swaps lower rates for fewer loopholes. The Ryan outline by design does not include specifics other than a general instruction to the Ways and Means Committee to overhaul the corporate tax code and simplify the seven individual brackets into two tiers with a top rate of 25%.

Mr. Ryan retains the current Congressional Budget Office baseline that says revenue will average 18.8% of GDP between 2014 and 2023, nearly a percentage point above the post-1980 average of 17.9%. That may be achievable, or not, though the numbers depend on CBO growth projections that assume little or no economic benefit from better policy.

What really matters for spending over the long term is health care and the vast and growing entitlements. Here Mr. Ryan doesn't shrink from his ambition to convert Medicare into a market-driven program with more competition and choices for seniors.

Republicans have refined their "premium support" model of Medicare reform since 2011, and Mr. Ryan considered applying it to those older than age 55. But some in the GOP conference are still tetchy about entitlement reform, even if Medicare continues to grow at 6.2%. So maybe the most significant failure of the Ryan budget is its omission of less sweeping health-care reforms that could lead to marginal improvements in the interim.

It took Democrats (with Republican help) several generations to build the current entitlement state, and GOP reformers will need a similar strategy to modernize it. Short of premium support—a dead letter for the Obama Presidency—Republicans could do more to develop a proposal called comprehensive cost-sharing.

The idea is to revamp Medicare's benefits and premium structure so these relics from 1965 work like normal insurance and give seniors the incentive to take a larger role in their own care. Tennessee Senator Bob Corker and Utah's Orrin Hatch have put these into legislation.

Mr. Ryan again block-grants Medicaid—devolving the program to the states with far more flexibility in return for an annual fixed payment. But Republicans should also encourage other safety-net repairs that would lead to fewer poor people needing Medicaid in the first place. That means a larger health-care agenda beyond the GOP talking points of medical malpractice and cross-state insurance purchases.

Such health-care changes must be grounded in a social consensus built over time, and the public may become receptive considering the convulsions that ObamaCare will start to inflict later this year. Over the years Mr. Ryan's proposals have greatly expanded the policy options for rethinking government and encouraging economic growth. Despite the obstacle in the Oval Office for the next four years, Republicans should keep offering their own ideas.

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